

# Multinationalism

Family



Multinationalism The recent wave of globalization has spurred the debate regarding multinationalism. Companies have been investing globally and have been using the facilities and human resource of the host country. Following are the summaries of three articles regarding multinationalism. ‘ Globalization and Cultural Diversity’ by Michael Lynton According to Lynton (2007), globalization does not mean homogenization of different cultures all around the globe, it mean heterogeneity. Lynton provides the example of the movies and TV shows being produced all around the globe. Movies produced by one country have global audiences. Along with the international movies produced by Hollywood, local movies are also being produced at a significantly fast pace. Movies are being made and distributed all around the world and in this manner, multinationalism is being promoted. Cultures are not being homogenized, they are being diversified. It is true that people all around the world like Hollywood movies, but it is also true that in the recent past local entertainment industries have also spurred. Movies from India and China are being released globally and they are also receiving positive response from the audience. Globalization does not only mean that Hollywood movies are being released all over the world, it also means that the opportunities for new markets have also been opened for smaller movie industries. Due to multinationalism, smaller movie industries are able to release their movies in global markets and in this manner, different cultures all around the globe are acquiring recognition. Therefore, this article shows that multinationalism does not mean homogenization of cultures, but it means diversification of cultures. It is evident from the fact that movies from countries other than U. S. are being released globally and they are receiving great response. ‘ Financial Reporting Goes Global’ by Cynthia Chruchwell <https://assignbuster.com/multinationalism/>

According to Churchwell (2006), globalization is increasing at a very rapid pace and this increase in the global business has given rise to a need for a standardized global accounting standards. Churchwell interviewed Harvard Business School professor Gregory S. Miller in this regard. According to Miller, globalization of products and financial markets has increased the need for global financial reporting standards that would be adopted in the United States and the rest of the globe. In order to have financial reporting standards that will truly facilitate multinationalism, accounting institutions all around the world will have to be given certain measurable incentives in order to convince them to adopt a single set of financial reporting standards. U. S. has the largest human resource and biggest financial markets, therefore U. S. does not need to adopt the International Accounting Standards (IAS) however the pressure due to multinationalism is also being felt by the U. S. to adopt the IAS. U. S. companies have been investing all over the globe therefore they have subsidiaries in different countries. Some countries also have local accounting bodies and regulations regarding auditing. Therefore such subsidiaries also have to fulfill the local regulatory requirements and the requirements of the holding company. This results in duplication of work in accordance with two different sets of accounting standards. Therefore, such subsidiaries are also putting pressure on the corporations in the U. S. to adopt the IAS. Thus the findings in this article indicate that the pressure for adoption of the International Accounting Standards/ International Financial Reporting Standards (IAS/IFRS) has been arising in the recent past due to the increase in multinationalism. Multinationalism is a major reason behind the global standardization of accounting standards. ' How Does Foreign Direct Investment Promote Economic Growth? Exploring the Effects of Financial

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Markets on Linkages' by Laura Alfar et al In this article, the authors explain their research findings on the issue whether the Foreign Direct Investment is as helpful for developing countries as it is considered to be. This article was chosen because it provides helpful insight regarding the generally accepted phenomenon that FDI induces economic growth. According to general beliefs, multinationalism induces economical growth in the host country with increase in the rate of employment and increased economic activity.

According to this article, increase in FDI results in higher rate of economical growth in countries with already developed economy. However, the growth in economy in the countries with underdeveloped economy due to the increase in FDI was lower as compared to those of developed countries.

Another finding provided in this article is that local conditions such as the efficiency of the human capital of the host country and the level of education of a country have a significant impact on the effectiveness of the FDI. If the country has high literacy rate and efficient workforce, the result of FDI would be increased economic growth. Another finding from this article is that human capital plays a major role in achieving economic growth from Foreign Direct Investment. If the human capital in the host country is qualified and trained in accordance with global standards, the returns from the FDI would be significantly higher as compared to those in opposite situations. Therefore it can be inferred that multinationalism leads to positive results only when the complimentary factors are present in the host country. In order to manage a business successfully in another country, it must be made sure that factors like skilled workforce and favorable business environment are present in the host country. Works Cited Alfaro, L. et al. How Does Foreign Direct Investment Promote Economic Growth? Exploring the Effects of <https://assignbuster.com/multinationalism/>

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